



YINSON HOLDINGS BERHAD

Company No: 259147-A
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED INCOME STATEMENT For The Three Months Period Ended 30 April 2016

	Current and Cumulative quarter 3 months ended	
	30.4.2016	30.4.2015
	Unaudited	Unaudited
	RM'000	RM'000
Continuing operations		
Revenue	115,398	99,084
Direct expenses	(66,173)	(63,099)
Gross profit	49,225	35,985
Other operating income	2,569	7,642
Administrative expenses	(36,446)	(37,803)
Profit from operations	15,348	5,824
Finance costs	(7,380)	(9,684)
Share of results of joint ventures	23,871	20,261
Share of results of associates	(39)	(166)
Profit before tax from continuing operations	31,800	16,235
Income tax expense	(11,098)	(8,002)
Profit after tax from continuing operations	20,702	8,233
Discontinued operations		
Profit from discontinued operations, net of tax	1,289	2,505
Profit for the period	21,991	10,738
Profit attributable to:		
Owners of the parent	22,376	10,445
Non-controlling interests	(385)	293
	21,991	10,738
Earnings per share attributable to owners of the parent:		
Basic (sen)	2.05	1.01
Diluted (sen)	2.05	1.01
Earnings per share from continuing operations attributable to owners of the parent:		
Basic (sen)	1.90	0.73
Diluted (sen)	1.90	0.73
Earnings per share from discontinued operations attributable to owners of the parent:		
Basic (sen)	0.15	0.28
Diluted (sen)	0.15	0.28

These condensed consolidated income statement should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements

YINSON HOLDINGS BERHAD (Company No. 259147-A)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**For The Three Months Period Ended 30 April 2016**

	Current and Cumulative quarter 3 months ended	
	30.4.2016 unaudited RM'000	30.4.2015 unaudited RM'000
Profit for the period	21,991	10,738
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
- Exchange differences on translation of foreign operations	(122,640)	(8,552)
- Cash flows hedge reserve	(14,617)	-
- Net loss on available-for-sale financial assets	-	(146)
Total comprehensive income for the period	(115,266)	2,040
Total comprehensive income for the period attributable to:		
Owners of the parent	(114,742)	1,747
Non-controlling interests	(524)	293
	(115,266)	2,040

These condensed consolidated statement of comprehensive income should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements

YINSON HOLDINGS BERHAD (Company No. 259147-A)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 April 2016

	AS AT 30.4.2016 Unaudited RM'000	AS AT 31.1.2016 Audited RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	3,116,748	2,997,573
Intangible assets	23,277	22,540
Investment in joint ventures	589,148	598,263
Investment in associates	1,930	2,039
Other receivables	8,875	9,417
Deferred tax assets	812	-
	3,740,790	3,629,832
Current assets		
Inventories	3,000	3,585
Trade and other receivables	172,595	223,010
Other current assets	14,042	13,438
Tax recoverable	5,165	3,486
Other investment	59,980	76,916
Cash and bank balances	434,126	416,187
	688,908	736,622
Assets of disposal group classified as held for sale	435,144	473,356
	1,124,052	1,209,978
TOTAL ASSETS	4,864,842	4,839,810

YINSON HOLDINGS BERHAD (Company No. 259147-A)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**As at 30 April 2016**

	AS AT 30.4.2016 Unaudited RM'000	AS AT 31.1.2016 Audited RM'000
EQUITY AND LIABILITIES		
Equity		
Issued capital	546,399	546,399
Treasury shares	(2,129)	-
Share premium	553,063	553,063
Reserves of disposal group classified as held for sale	4,110	7,125
Foreign currency translation reserve	88,467	207,953
Cash Flows Hedge reserve	(164,318)	(149,701)
Retained earnings	665,078	649,235
Equity attributable to owners of the parent	1,690,670	1,814,074
Perpetual securities of a subsidiary	437,460	437,460
Non-controlling interests	1,326	1,850
Total equity	2,129,456	2,253,384
Non-current liabilities		
Loans and borrowings	1,823,963	1,446,630
Unfavourable contracts	37,463	44,860
Derivatives	164,318	149,701
Deferred tax liabilities	23,399	26,773
	2,049,143	1,667,964
Current liabilities		
Loans and borrowings	216,994	207,521
Trade and other payables	218,301	422,153
Unfavourable contracts	18,735	19,942
Derivatives	5,261	6,177
Tax payables	34,474	34,170
	493,765	689,963
Liabilities of disposal group classified as held for sale	192,478	228,499
	686,243	918,462
Total liabilities	2,735,386	2,586,426
TOTAL EQUITY AND LIABILITIES	4,864,842	4,839,810
Net assets per share attributable to owners of the parent (RM)	1.5471	1.6600

These condensed consolidated statement of financial position should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.

YINSON HOLDINGS BERHAD (Company No. 259147-A)
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For The Three Months Period Ended 30 April 2016

	Attributable to owners of the parent										Total equity attributable to owners of the parent RM'000
	Non-distributable					Distributable					
	Issued capital RM'000	Treasury Shares RM'000	Share premium RM'000	Foreign currency translation reserve RM'000	Reserves of disposal group classified as held for sale RM'000	Cash Flows Hedge reserve RM'000	Available-for-sale reserve RM'000	Retained earnings RM'000	Perpetual securities of a subsidiary RM'000	Non-controlling interests RM'000	
At 1 February 2015	516,399	-	417,163	73,567	-	-	(11,350)	454,731	-	8,999	1,459,509
Total comprehensive income for the period	-	-	-	(8,552)	-	-	(146)	10,445	-	293	2,040
At 30 April 2015	516,399	-	417,163	65,015	-	-	(11,496)	465,176	-	9,292	1,461,549
At 1 February 2016	546,399	-	553,063	207,953	7,125	(149,701)	-	649,235	437,460	1,850	2,253,384
Total comprehensive income for the period	-	-	-	(122,501)	-	(14,617)	-	22,376	-	(524)	(115,266)
Discontinued operations	-	-	-	3,015	(3,015)	-	-	-	-	-	-
Accrued and paid perpetual securities distributions	-	-	-	-	-	-	-	(6,533)	-	-	(6,533)
Buy-back of shares by the Company	-	(2,129)	-	-	-	-	-	-	-	-	(2,129)
At 30 April 2016	546,399	(2,129)	553,063	88,467	4,110	(164,318)	-	665,078	437,460	1,326	2,129,456

These condensed consolidated statement of changes in equity should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.

YINSON HOLDINGS BERHAD (Company No. 259147-A)
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For The Three Months Period Ended 30 April 2016

	3 months ended	
	30.4.2016 Unaudited RM'000	30.4.2015 Unaudited RM'000
OPERATING ACTIVITIES		
Profit before tax from continuing operations	31,800	16,235
Profit before tax from discontinued operations	1,142	3,702
Profit before tax, total	32,942	19,937
Adjustments for:		
Amortisation and depreciation	27,289	25,249
Amortisation of favourable contracts	-	1,568
Amortisation of unfavourable contracts	(4,849)	(4,367)
Impairment loss on receivables	1,300	150
Unrealised loss on foreign exchange	15,799	16,801
Finance costs	11,885	13,367
Property, plant and equipment written off	5	9
Fair value adjustment on derivatives	-	10,221
Realised loss on derivatives	-	2,846
Reversal of write-down of inventories	(576)	-
Impairment of available-for-sale financial assets	64	-
Gain on disposal of available-for-sale financial assets	(195)	-
Share of results of joint ventures	(23,871)	(20,261)
Share of results of associates	(347)	(354)
Interest income	(911)	(1,134)
Operating cash flows before working capital changes	58,535	64,032
Receivables	52,323	(4,193)
Other current assets	26,572	7,638
Inventories	2,631	(350)
Payables	(157,492)	128,164
Cash flows (used in)/from operations	(17,431)	195,291
Interest received	911	1,134
Interest paid	(12,801)	(12,766)
Tax paid	(13,399)	(8,922)
Net cash flows (used in)/from operating activities	(42,720)	174,737
INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	2	-
Proceeds from disposal of investment	15,732	-
Addition in investment	(203)	-
Addition in investment property	(39)	(3,612)
Purchase of intangible assets	(2,102)	(1,785)
Purchase of property, plant and equipment	(340,222)	(240,427)
Investment in joint ventures	-	(707)
Placement of short term investment	(3)	(3)
Net cash flows used in investing activities	(326,835)	(246,534)

YINSON HOLDINGS BERHAD (Company No. 259147-A)
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For The Three Months Period Ended 30 April 2016

	3 months ended	
	30.4.2016	30.4.2015
	Unaudited	Unaudited
	RM'000	RM'000
FINANCING ACTIVITIES		
Advances from directors	195	-
(Decrease)/Increase in borrowings	(36,887)	63,105
Drawdown of term loan	522,843	-
Repayment of term loans	(37,349)	(31,982)
Repayment of obligations under finance leases	(1,549)	(1,700)
Proceeds from settlement of derivatives	-	15,618
Perpetual securities distribution paid	(14,096)	-
Buy-back of shares by the Company	(2,129)	-
(Placement)/Withdrawal of fixed deposit for investment purpose	(262)	8,550
Decrease in fixed deposits pledged as security	24,693	19,174
Net cash flows from financing activities	455,459	72,765
NET INCREASE IN CASH AND CASH EQUIVALENTS		
	85,904	968
Effects of foreign exchange rate changes	(45,155)	(11,706)
CASH AND CASH EQUIVALENTS AT THE BEGINNING		
OF THE PERIOD	210,969	274,595
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	251,718	263,857
	As at	As at
	30.4.2016	30.4.2015
	RM'000	RM'000
CASH AND CASH EQUIVALENTS COMPRISE:		
Cash and bank balances		
- Continuing operations	434,126	326,502
- Discontinued operations	14,517	-
Bank overdrafts (included within short-term borrowings)	(9,074)	(4,988)
	439,569	321,514
Short term investment	(328)	(316)
Deposit with licensed bank for investment purpose	(262)	-
Deposits pledged to banks	(187,261)	(57,341)
	251,718	263,857

These condensed consolidated statement of cash flows should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.

1. Basis of Preparation

This unaudited condensed consolidated interim financial statements (Condensed Report) of Yinson Holdings Berhad (the "Group" or "YHB") for the period ended 30 April 2016 have been prepared in accordance with *MFRS134: Interim Financial Reporting*, paragraph 9.22 and Appendix 9B of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. This Condensed Report also complies with *IAS34: Interim Financial Reporting* issued by the International Accounting Standards Board ("IASB").

This Condensed Report should be read in conjunction with the audited financial statements for the financial year ended 31 January 2016. The significant accounting policies and methods adopted for the Condensed Report are consistent with those adopted for the audited financial statements for the financial year ended 31 January 2016 except for the adoption of Amendments to Standards and Issue Committee (IC) Interpretations effective as of 1 January 2016.

- Amendments to MFRS 10, MFRS 12 and MFRS 128 *Investment Entities: Applying the Consolidation Exception*
- Amendments to MFRS 11 *Accounting for Acquisitions of Interest in Joint Operations*
- Amendments to MFRS 101 *Disclosure Initiative*
- Amendments to MFRS 116 and MFRS 138 *Clarification of Acceptable Methods of Depreciation and Amortisation*
- Amendments to MFRS 116 and MFRS 141 *Agriculture: Bearer Plants*
- Amendments to MFRS 127 *Equity Method in Separate Financial Statements*
- Annual Improvements to MFRSs 2012 -2014 Cycle
- MFRS 14 : *Regulatory Deferral Accounts*

MFRSs and Amendments to MFRSs issued but not yet effective

At the date of authorisation of the Condensed Report, the following Standards were issued but not yet effective and have not been adopted by the Group.

- a) Effective for financial periods beginning on or after 1 January 2017
 - Amendments to MFRS 107 : *Statements of Cash Flows - Disclosure Initiative*
 - Amendments to MFRS 112 : *Income taxes – Recognition of Deferred Tax Assets for Unrealised Losses*
- b) Effective for financial periods beginning on or after 1 January 2018
 - MFRS 15 : *Revenue from Contracts with Customers*
 - MFRS 9 : *Financial Instruments*
- c) Effective for financial periods beginning on or after 1 January 2019
 - MFRS 16 : *Leases*
- d) Effective for financial periods beginning on or after a date to be determined by Malaysian Accounting Standards Board
 - Amendments to MFRS 10 and MFRS 128 *Sale or Contribution of Assets between Investor and its Associate or Joint Venture*

The directors expect that the adoption of the above standards and interpretations will have no material impact on the financial statements in the year of initial application except for MFRS 9, MFRS 15 and MFRS 16. The adoption of these new standards may result in change in accounting policies for which the effect of adopting will be quantified when the standards are effective.

2. Seasonal or Cyclical Factors

The Group's operations were generally not affected by any material seasonal or cyclical factors.

3. Unusual Items due to their Nature, Size or Incidence

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the quarter ended 30 April 2016.

4. Changes in Accounting Estimate

There were no material changes in accounting estimates during the period under review that would have a material effect that would substantially affect the results of the Group.

5. Changes in the Composition of the Group

There were no changes in the composition of the Group during the quarter ended 30 April 2016.

6. Segmental Information

For the Three Months Period Ended 30 April 2016					
	Marine	Other	Discontinued	Elimination	Consolidated
	RM'000	Operations	Operations	RM'000	RM'000
		RM'000	RM'000		
Revenue					
External Sales					
Gross revenue	123,705	3,077	96,108	(107,492)	115,398
Elimination	(8,368)	(3,016)	(123)	11,507	-
Net revenue	115,337	61	95,985	(95,985)	115,398
Results					
Segment results	31,175	(15,827)	5,261	(5,261)	15,348
Finance costs					(7,380)
Share of results of joint ventures					23,871
Share of results of associates					(39)
Income tax expense					(11,098)
Profit after tax from continuing operations					20,702

Segmental Information

For the Three Months Period Ended 30 April 2015					
	Marine	Other	Discontinued	Elimination	Consolidated
	RM'000	Operations	Operations	RM'000	RM'000
		RM'000	RM'000		
Revenue					
External Sales					
Gross revenue	108,158	6,137	157,729	(172,940)	99,084
Elimination	(9,103)	(6,108)	(215)	15,426	-
Net revenue	99,055	29	157,514	(157,514)	99,084
Results					
Segment results	28,646	(22,822)	6,864	(6,864)	5,824
Finance costs					(9,684)
Share of results of joint ventures					20,261
Share of results of associates					(166)
Income tax expense					(8,002)
Profit after tax from continuing operations					8,233

For management purposes, the Group is organized into business units based on their product and services, and has following operating segments:

Continuing operations:

- (a) The marine segment consists of leasing of vessels and marine related services.
- (b) Other operations consist of investment, management services and treasury services.

Discontinued operations include the following segments:

- (a) The transport segment consists of the provision of trucking services.
- (b) The trading segment consists of trading activities mainly in the construction related materials.
- (c) Other discontinued operations consist of provision of warehouses and rental from investment properties

Transactions between segments are carried out on mutually agreed basis. The effects of such inter-segment transactions are eliminated on consolidation.

Marine

Revenue from marine segment for the period under review has increased by RM16.282 million to RM115.337 million as compared to RM99.055 million in the corresponding prior period ended 30 April 2015. The increase arose mainly from higher marine business and conversion of USD revenue due to appreciation of USD against RM. The segment results increased by RM2.529 million mainly due to increase in revenue and improvement in gross profit margin.

Other Operations

The segment loss of other operations has decreased by RM6.995 million to RM15.827 million as compared to RM22.822 million in the corresponding prior period ended 30 April 2015. The decrease was mainly attributable to the decrease in fair value loss on derivatives by RM10.221 million, decrease in realised loss on derivatives by RM2.846 million but offset by increase in unfavourable net foreign exchange difference by about RM5.6 million.

Discontinued Operations

Revenue from discontinued operations for the period under review has decreased by RM61.529 million or 39.1% as compared to the corresponding prior period ended 30 April 2015. The decrease was mainly due to the decrease in sales volume of trading activities.

Segment results of the discontinued operations decreased by RM1.603 million mainly due to the increase in impairment loss of receivables by RM1.150 million.

Results of Joint Ventures and Associates

The share of the results of joint ventures has increased by RM3.610 million to profit of RM23.871 million for the period ended 30 April 2016 as compared to RM20.261 million for the corresponding prior period ended 30 April 2015 mainly due to higher profits and conversion of USD profits due to appreciation of USD against RM.

The share of results of associates has improved slightly from a loss of RM0.166 million for the corresponding prior period ended 30 April 2015 to a loss of RM0.039 million for the period ended 30 April 2016 to due to improvement in the results of some associates.

Consolidated profit before tax

For the current period under review, the Group's profit before tax from continuing operations has increased by RM15.565 million or 95.8% to RM31.800 million as compared to RM16.235 million for the corresponding prior period ended 30 April 2015. This increase was mainly attributable to the improvement in gross profit margin by RM13.240 million and decrease in fair value loss on derivatives by RM10.221 million but offset by increase in unfavourable net foreign exchange difference of about RM7.8 million.

7. Profit Before Tax

Included in the profit before tax are the following items:

	Current and cumulative quarter 3 months ended	
	30.4.2016 RM'000	30.4.2015 RM'000
Interest income	(911)	(1,134)
Other income including investment income	(2,321)	(490)
Bad debts recovered	(194)	-
Finance costs	11,885	13,367
Depreciation of property, plant and equipment	26,836	25,223
Amortisation of land use rights	-	24
Amortisation of intangible assets	453	2
Amortisation of favourable contracts	-	1,568
Amortisation of unfavourable contracts	(4,849)	(4,367)
Gain on disposal on other investment	(195)	-
Impairment loss on receivables - net	1,300	150
Property, plant and equipment written off	5	9
Loss/(Gain) on foreign exchange - realised	1,559	(6,161)
Loss on foreign exchange - unrealised	15,799	16,801
Realised loss on derivatives	-	2,846
Net fair value loss/(gain) :		
- other investment	64	-
- derivatives	-	10,221
Reversal of write-down of inventories	(576)	-

8. Income Tax Expense

The income tax expense figures consist of:

	Current and cumulative quarter 3 months ended	
	30.4.2016	30.4.2015
	RM'000	RM'000
Continuing operations		
Current income tax	13,757	8,002
Deferred income tax	(2,659)	-
	11,098	8,002
Income tax attributable to discontinued operations	(147)	1,197
Total income tax expense	10,951	9,199

The effective tax rate of continuing operations is higher than the statutory tax rate in Malaysia due to certain income of subsidiaries are subject to higher tax rates and certain expenses of subsidiaries are not deductible.

9. Earnings Per Share

(a) Basic

Basic earnings per share amount are calculated by dividing the profit for the current and cumulative quarter of financial year 2016, net of tax, attributable to owners of the parent by the weighted average number of shares outstanding during the period.

The following reflect the profit and share data used in the computation of basic and diluted earnings per share:

	Current and cumulative quarter 3 months ended	
	30.4.2016	30.4.2015
Profit net of tax attributable to owners of the parent used in the computation of EPS (RM'000)	22,376	10,445
Weighted average number of ordinary shares in issue ('000)	1,092,041	1,032,798
Basic earnings per share (sen)	2.05	1.01

(b) Diluted

Diluted earnings per share is the same as basic earnings per share as there is no dilutive potential ordinary shares outstanding as at 30 April 2016.

10. Acquisitions and disposals of property, plant and equipment

During the current period under review, the Group acquired property, plant and equipment (“PPE”) with aggregate cost of RM341.414 million (30 April 2015: RM241.611 million).

The Group disposed PPE with a carrying amount of RM0.002 million (30 April 2015 : Nil) and a gain on disposal of RM0.001 million (30 April 2015 : Nil) was recognised and included in other operating income.

11. Fair Value Hierarchy

The Group uses the following hierarchy for determining the fair value of the financial instruments carried at fair value:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

As at reporting date, the carrying amounts of available-for-sale financial assets and marketable securities were measured using Level 1 method of hierarchy and interest rate swap were measured by using Level 2 method in the hierarchy in determining their fair value.

12. Debt and Equity Securities

There were no other issuances, repayment of debts, share cancellations and resale of treasury shares during the current financial period under review. During the 3 months ended 30 April 2016, the Company had repurchased 787,000 of its issued ordinary shares from the open market. The total consideration paid for the repurchase including transaction costs was RM2.129 million and this was financed by internally generated funds. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act 1965.

13. Interest-bearing Loans and Borrowings

The Group's total borrowings as at 30 April 2016 are as follows:

Continuing	Secured	Unsecured	Total
	RM'000	RM'000	RM'000
Short term borrowings	170,679	46,315	216,994
Long term borrowings	1,780,560	43,403	1,823,963
Total borrowings	1,951,239	89,718	2,040,957

Discontinued	Secured	Unsecured	Total
	RM'000	RM'000	RM'000
Short term borrowings	5,705	162,841	168,546
Long term borrowings	4,557	-	4,557
Total borrowings	10,262	162,841	173,103

Grand total	Secured	Unsecured	Total
	RM'000	RM'000	RM'000
Short term borrowings	176,384	209,156	385,540
Long term borrowings	1,785,117	43,403	1,828,520
Total borrowings	1,961,501	252,559	2,214,060

Except for the borrowings of RM1,752.553 million denominated in United States Dollar, all other borrowings are denominated in Ringgit Malaysia.

14. Dividend Paid

No interim dividend has been declared or paid for the current quarter under review.

15. Capital Commitments

As at 30 April 2016, the capital commitment for property, plant and equipment not provided for in the interim condensed financial statements is as follows:

- approved and contracted for – RM520.6 million
- approved but not contracted for – RM1,290.7 million

16. Changes in Contingent Liabilities and Contingent Assets

There were no changes in contingent assets and no changes in contingent liabilities since the last audited financial statements.

17. Related Party Disclosures

Significant related party transactions are as follows:

	Current and cumulative quarter 3 months ended	
	30.4.2016	30.4.2015
	RM'000	RM'000
<u>With companies substantially owned by directors, Lim Han Weng and Bah Kim Lian</u>		
Rental income from Yinson Tyres Sdn Bhd	15	15
Transport income from Liannex Corporation (S) Pte Ltd	439	399
Transport income from Liannex Corporation Sdn Bhd	145	-
Purchases from Yinson Tyres Sdn Bhd	758	824
Barge income from Liannex Corporation (S) Pte Ltd	-	641
Barge income from Kargo Indera Sdn Bhd	671	-
<u>With joint ventures</u>		
Interest income from PTSC South East Asia Pte Ltd	474	394
Interest income from PTSC Asia Pacific Pte Ltd	28	25
Management fee income from Anteros Rainbow Offshore Pte Ltd	58	-
<u>With associates</u>		
Ship management fee charges from Regulus Offshore Sdn Bhd	231	199
Consultancy fee charges from Yinson Energy Sdn Bhd	553	-
Marine chartering charges from Regulus Offshore Sdn Bhd		40
Purchases from Regulus Offshore Sdn Bhd	1,274	115
Management fee income from Regulus Offshore Sdn Bhd	-	10
Management fee income from Yinson Energy Sdn Bhd	-	19

The Directors are of the opinion that the above transactions have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties. All outstanding balances with these related parties are unsecured and are to be settled in cash within three months of reporting date.

18. Event After The Reporting Date

There was no material event subsequent to the end of the current quarter.

PART B - EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

19. Performance Review

Explanatory comment on the performance of the Group's business activities is provided in Note 6.

20. Material Changes in the Profit Before Taxation of Current Quarter Compared with Preceding Quarter

	Quarter ended		% +/-
	30.4.2016 RM'000	31.1.2016 RM'000	
Continuing operations			
Revenue	115,398	116,188	-1%
Direct expenses	(66,173)	(47,216)	40%
Gross profit	49,225	68,972	-29%
Other operating income	2,569	47,594	-95%
Administrative expenses	(36,446)	(33,451)	9%
Profit from operations	15,348	83,115	-82%
Finance costs	(7,380)	(10,756)	-31%
Share of results of joint ventures	23,871	25,549	-7%
Share of results of associates	(39)	222	-118%
Profit before tax from continuing operations	31,800	98,130	-68%
Income tax expense	(11,098)	(50,127)	-78%
Profit after tax from continuing operations	20,702	48,003	-57%
Discontinued operations			
Profit/(Loss) from discontinued operations, net of tax	1,289	(792)	-263%
Profit for the period	21,991	47,211	-53%

The Group's profit before tax from continuing operations for the 1st quarter of FY 2017 has decreased by 68% or RM66.330 million to RM31.800 million as compared to the RM98.130 million for preceding quarter. The decrease was mainly attributable to decrease in accrued reimbursements on income tax by RM43.085 million and increase of unfavourable net foreign exchange difference by about RM18.9 million.

21. Commentary on Prospects

The short-term to medium-term outlook in the oil and gas sector remains challenging and uncertain due to protracted oversupply. Downside risks to the global outlook remain elevated. Cyclical and structural economic weaknesses continue to weigh on growth in the major economies, on top of uncertainty in the direction of energy prices and rising geopolitical risks. Moving forward, the growth is expected to be moderate and uneven. Amid the challenging global economic environment and the volatility of other currencies against USD, the Group shall strive to achieve satisfactory results for the financial year ending 31 January 2017.

22. Profit Forecast

The disclosure requirements for explanatory notes for the variance of actual profit after tax and non-controlling interests and forecast profit after tax and non-controlling interests are not applicable.

23. Status of Corporate Proposals

The corporate proposal announced but not completed as at the date of issue of the quarterly report:-

(i) Proposed Private Placement

On 25 June 2015, YHB proposed to undertake a Proposed Private Placement of new ordinary shares of RM0.50 each in the Company ("Placement Shares") of up to 103,279,844 Placement Shares, representing up to ten percent (10%) of the issued and paid-up share capital of YHB to third party investors. It shall be undertaken in accordance with the general mandate approved by shareholders on 31 July 2014 and 23 July 2015. Bursa had on 30 June 2015, approved the listing of and quotation of the Proposed Private Placement subject to conditions set by Bursa.

On 7 July 2015, 60,000,000 ordinary shares of RM0.50 each were issued under private placement at a value of RM2.83 for each share for a total consideration of RM169.800 million. As at 28 September 2015, there are 43,279,844 Placement Shares remained unissued. Bursa had vide its letter dated 14 December 2015, granted YHB an extension of time of six (6) months from 30 December 2015 up till 29 June 2016 to complete the Proposed Private Placement. No additional Placement Shares were issued till end of 29 June 2016.

(ii) Offer from Liannex Labuan Limited

On 29 June 2015, the Company had received a letter of offer from Liannex Labuan Limited ("Liannex Labuan") to acquire from YHB the following companies as well as the repayment of inter-company loans owing to YHB by the said subsidiaries at an offer price of RM228.0 million ("Offer Letter"):-

- i) Yinson Corporation Sdn Bhd;
- ii) Yinson Transport Sdn Bhd;
- iii) Yinson Shipping Sdn Bhd;
- iv) Yinson Power Marine Sdn Bhd;
- v) Yinson Port Ventures Pte Ltd; and
- vi) Yinson Vietnam Company Limited.

(collectively "Target Subsidiaries"). The Target Subsidiaries represent the non-oil and gas business of YHB. The Board of YHB had on even date, acknowledged the receipt of the Offer Letter and commenced negotiations on the terms of the transaction.

YHB had on 28 September 2015 entered into a conditional share sale agreement ("SSA") to divest its entire equity interest in the Target Subsidiaries to Liannex Labuan for a total cash consideration of RM168.0 million, subject to adjustments in accordance with the SSA. In addition, Liannex Labuan shall settle all inter-company loans owing to YHB by the Target Subsidiaries as at Completion Date.

Pending fulfillment of the Conditions Precedent by the Company, YHB and Liannex Labuan have on 12 January 2016 vide a letter on even date, agreed to extend the Cut-Off Date for the fulfillment of the Conditions Precedent under the SSA pursuant to the Proposed Divestment to 14 March 2016. The proposed divestment was approved by the non-interested shareholders of YHB by way of poll at the Extraordinary General Meeting held on 29 January 2016. Subsequently, YHB and Liannex Labuan have vide a letter dated 11 March 2016, agreed to extend the Cut-Off Date for the fulfilment of the Conditions Precedents under the SSA to the Proposed Divestment to 16 May 2016. On 16 May 2016, it was announced that all Conditions Precedent pursuant to the SSA are fulfilled and/or waived and the Proposed Divestment has on 16 May 2016, become unconditional.

24. Material Litigation

As at 30 April 2016, there was no material litigation against the Group since the last audited financial statements.

25. Dividend Payable

No interim dividend has been declared for the current quarter under review.

26. Derivatives

Details of derivative financial instruments outstanding as at 30 April 2016 are as follows:-

Types of derivatives	Contract / Notional Amount	Fair Value Assets/(Liabilities)
	RM'000	RM'000
<u>Interest rate swaps</u>		
Within 1 year	35,909	(21)
1 to 3 years	18,169	(93)
More than 3 years	3,083,528	(169,465)

The fair values of the interest rate swaps were based on quotes obtained from the respective counterparty banks.

Interest rate swaps

The Group entered into the following interest rate swap contracts to mitigate the Group's exposure from fluctuations in interest rate arising from a floating rate term loans:-

- i. contract amounting to RM35.909 million that receives floating interest at US\$ LIBOR + 2.75% p.a. and pays fixed interest at 3.40% p.a.;
- ii. contract amounting to RM18.169 million that receives a fixed rate of 2.5% p.a. + COF and pays a fixed rate of 2.5% p.a. + COF + fixed rate of 1.04% p.a. less one month LIBOR rate;
- iii. contract amounting to RM390.320 million that receives floating interest at 3 months US\$ LIBOR and pays fixed interest at 1.58% p.a.; and
- iv. contracts amounting to RM2,693.208 million that receive floating interest at 3 months US\$ LIBOR and pays fixed interest at 2.88% p.a.

The interest rate swaps have similar maturity terms as the term loans.

For item i to iii, the interest rate swaps have been classified as At Fair Value through Profit or Loss which is measured at fair value and the changes in fair value will be taken to profit or loss. As at 30 April 2016, the net fair value gain on interest rate swap derivative measured at fair value through profit and loss is RM0.916 million.

For item iv, the interest rate swaps have been classified as Cash Flows Hedge which is measured at fair value and the changes in fair value will be taken to cash flows hedge reserve. As at 30 April 2016, the net fair value loss on interest rate swap derivative measured at fair value through the reserve is RM14.617 million.

27. Realised and Unrealised Retained Earnings

The breakdown of the retained earnings of the Group as at 30 April 2016 into realised and unrealised is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and 20 December 2010, and prepared in accordance with *Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, as issued by the Malaysian Institute of Accountants.

	Current financial period ended	Previous financial year ended
	30.4.2016	31.1.2016
	RM'000	RM'000
Total retained earnings of the Company and its subsidiaries:-		
- Realised	425,020	331,072
- Unrealised	(35,622)	81,903
	389,398	412,975
Total retained earnings from joint ventures- realised	225,818	201,946
Total retained earnings from associates - realised	3,408	3,061
Less Consolidation adjustments	46,454	31,253
Total Group retained earnings as per consolidated financial statements	665,078	649,235

28. Auditors' Report on Preceding Annual Financial Statements

The Auditors' Report on the financial statements for the year ended 31 January 2016 was not qualified.

29. Authorised For Issue

The condensed consolidated interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 30 June 2016.